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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

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**Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/01 AND ENDING 12/31/01
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

AMERICAN HERITAGE SECURITIES, INC.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

333 S. MAIN STREET SUITE 601

(No. and Street)

AKRON, OH 44308

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

EDGAR G INGRAHAM

330-535-0881

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

LUX & ASSOCIATES, CPA INC.

LUX, RALPH EDWARD

(Name - if individual, state last, first, middle name)

867 MOE DRIVE

SUITE E

AKRON, OH 44310

(Address)

(City)

(State)

Zip Code)

CHECK ONE:

☒ Certified Public Accountant

☐ Public Accountant

☐ Accountant not resident in United States or any of its possessions.

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THOMSON
FINANCIAL

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

OATH OR AFFIRMATION

I, EDGAR G INGRAHAM, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of AMERICAN HERITAGE SECURITIES INC, as of December 31, 1990, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

NOT APPLICABLE

Edgar G. Ingraham
Signature

President
Title

Joy D. Yoho
Notary Public

JOY D. YOH
Notary Public - State of CA
My Commission Expires Dec 12, 2002

This report** contains (check all applicable boxes):

- ☒ (a) Facing page.
- ☒ (b) Statement of Financial Condition./BALANCE SHEET
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- ☒ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3. NOT APPLICABLE
- ☐ (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3. NOT APPLICABLE
- ☐ (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3. NOT APPLICABLE
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation. NOT APPLICABLE
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report. NOT APPLICABLE
- ☒ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

AMERICAN HERITAGE SECURITIES, INC.
Akron, Ohio

AUDITED FINANCIAL STATEMENT
with
Accountant's Audited Report

for the
Year Ended December 31, 2001

LUX & ASSOCIATES CPA, INC.

CPA'S, CONSULTANTS & BUSINESS DEVELOPMENT SPECIALISTS

867 Moe Drive Suite E
Akron, Ohio 44310
(330) 633-5259
Fax (330) 630-0447
E-Mail: www.luxcpa.com

Board of Directors
American Heritage Securities, Inc.
Akron, Ohio 44308

We have examined the Balance Sheet of American Heritage Securities, Inc. as of December 31, 2001, and the related Statements of Income, Retained Earnings, and Changes in Financial Position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

These statements are to comply with the annual audit report required by the Securities and Exchange Commission form X-17A-5 Part III. In addition to the above listed statements this report also includes a Statement of Changes in Liabilities, and a computation of Net Capital.

In our opinion the aforementioned financial statements, computations, and supplemental findings, present fairly the financial position of American Heritage Securities, Inc. at December 31, 2001, and the results of its operation and the changes in financial position for the year then ended in conformity with generally accepted accounting principles.

Lux & Associates CPA Inc.

February 28, 2002

Dennis Lux, Accounting Manager

Ray Jurkowski, Tax Manager

Ralph Lux, Financial/Management Services

AMERICAN HERITAGE SECURITIES INC

Balance Sheet

As Of December 31, 2001

ASSETS

CURRENT ASSETS

Cash On Hand And In Banks	\$ 109,530
Accounts Receivable	3,047
Cash Deposit-CRD	<u>102</u>

TOTAL CURRENT ASSETS 112,679

FIXED ASSETS

Automobile	57,558
Leasehold Improvements	143
Furniture and Fixtures	20,727
Less Accumulated Depreciation	<u>(51,065)</u>

TOTAL FIXED ASSETS 27,363

OTHER ASSETS

Deposits-Clearing	28,193
Deposit-Workers Compensation	10
Investment	<u>100,924</u>

TOTAL OTHER ASSETS 129,127

TOTAL ASSETS \$ 269,169

LIABILITIES & STOCKHOLDER'S EQUITY

CURRENT LIABILITIES

Accrued Payroll	\$ 1,500
Accounts Payable - Trade	747
Withheld and Accrued Payroll Taxes	<u>977</u>

TOTAL CURRENT LIABILITIES 3,224

STOCKHOLDER'S EQUITY

Capital Stock	45,000
Retained Earnings	<u>220,945</u>

TOTAL STOCKHOLDER'S EQUITY 265,945

TOTAL LIABILITIES &
STOCKHOLDER'S EQUITY \$ 269,169

See accompanying notes and accountants' report.

AMERICAN HERITAGE SECURITIES INC
STATEMENT OF RETAINED EARNINGS
For The Year Ended December 31, 2001

BEGINNING RETAINED EARNINGS	\$ 202,981
Prior Years Federal Income Tax Adj	(2,071)
NET INCOME (LOSS)	<u>20,035</u>
ENDING RETAINED EARNINGS	<u>\$ 220,945</u>

See accompanying notes and accountants' report

AMERICAN HERITAGE SECURITIES INC
Statement of Income
For The Year Ended December 31, 2001

		<u>%</u>
REVENUE		
Commissions Earned	\$ 64,529	73.19
Miscellaneous Income	<u>23,642</u>	<u>26.81</u>
TOTAL REVENUE	88,171	100.00
OPERATING EXPENSES		
Salaries and Wages	34,520	39.15
Advertising	448	0.51
Automobile Expense	2,355	2.67
Commission Expense	8,098	9.18
Contributions	120	0.14
Depreciation Expense	3,219	3.65
Dues and Subscriptions	186	0.21
Legal and Accounting	715	0.81
Office & Postage	1,556	1.76
Other Operating Expenses	598	0.68
Payroll Taxes	6,127	6.95
Registration Fees	623	0.71
Rents	5,643	6.40
Repairs and Maintenance	201	0.23
Travel	187	0.21
Utilities	2,359	2.68
Information Services	1,741	1.97
Pension Plan	<u>1,042</u>	<u>1.18</u>
TOTAL OPERATING EXPENSES	<u>69,738</u>	<u>79.09</u>
INCOME (LOSS) FROM OPERATIONS	18,433	20.91
OTHER INCOME and (EXPENSE)		
Interest/Dividend Income	9,319	10.57
Gain on Sale of Equipment	<u>(432)</u>	<u>(0.49)</u>
TOTAL OTHER INCOME AND (EXPENSE)	<u>8,887</u>	<u>10.08</u>
INCOME (LOSS) BEFORE TAXES	27,320	30.99
PROVISION FOR TAXES		
Provision For Federal Income Tax	<u>7,285</u>	<u>8.26</u>
TOTAL PROVISION FOR TAXES	<u>7,285</u>	<u>8.26</u>
NET INCOME (LOSS)	<u>\$ 20,035</u>	<u>22.72</u>

See accompanying notes and accountants' report

AMERICAN HERITAGE SECURITIES, INC.
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2001

CASH FLOWS FROM OPERATING ACTIVITIES:

Net Income (Loss)	\$ 20,035.
ADJUSTMENT TO RECONCILE NET INCOME (LOSS) TO NET CASH:	
Depreciation	3,219.
(Increase) Decrease In:	
Accounts Receivable	348.
Other Assets	(24,941.)
Increase (Decrease) In:	
Accounts Payable	(24.)
Accrued Expenses	(1,600.)
NET CASH PROVIDED (USED) BY OPERATIONS	\$(2,963.)
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>	
Correction of prior years taxes	<u>2,071.</u>
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>\$(2,071.)</u>
NET INCREASE (DECREASE) IN CASH	\$(5,034.)
<u>CASH AT BEGINNING OF PERIOD</u>	<u>114,564.</u>
<u>CASH AT END OF PERIOD</u>	<u>\$ 109,530.</u> =====

See accompanying notes and accountants' report

**AMERICAN HERITAGE SECURITIES, INC.
NOTES TO FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2001**

A) INCORPORATION AND ACCOUNTING INFORMATION:

The company is incorporated under the laws of the State of Ohio. It located the principal office in Akron, Ohio and was authorized to do business as of December 17, 1991. Capital stock was issued on January 6, 1992. The books, records and income tax return are maintained on the accrual method of accounting.

B) EQUIPMENT AND DEPRECIATION:

Equipment is carried at cost. When retired or otherwise disposed of, the related carrying value and accumulated depreciation are cleared from the respective accounts and the net difference less any amount realized from the disposition is reflected in earnings.

Maintenance and repairs, including the replacement of minor items are expenses as incurred, and major additions to equipment are capitalized. Depreciation is calculated on the straight-line, ACRS or MACRS method over the estimated useful life of the assets. The company also takes advantage of the IRS section 179 regulation permitting a total write-off of assets during the year of acquisition within certain dollar limits. The current year depreciation charged to expense is \$ 3,219. The section 179 write-off of assets for the current year is \$ -0-.

C) TAXES ON INCOME:

On the profit of \$ 27,320 the company has a federal income tax due of \$ 7,285.

STATEMENT OF CHANGES

01/01/2001 to 12/31/2001

**STATEMENT OF CHANGES IN OWNERSHIP EQUITY
(SOLE PROPRIETORSHIP, PARTNERSHIP OR CORPORATION)**

1.	Balance, beginning of period	<u>245,909</u>	[4240]
	A. Net income (loss)	<u>20,035</u>	[4250]
	B. Additions (includes non-conforming capital of	<u> </u>	[4260]
		[4262]	
	C. Deductions (includes non-conforming capital of	<u> </u>	[4270]
		[4272]	
2.	Balance, end of period (From item 1800)	<u>265,945</u>	[4290]

**STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED
TO CLAIMS OF GENERAL CREDITORS**

3.	Balance, beginning of period	<u> </u>	[4300]
	A. Increases	<u> </u>	[4310]
	B. Decreases	<u> </u>	[4320]
4.	Balance, end of period (From item 3520)	<u> </u>	[4330]

COMPUTATION OF NET CAPITAL

Total ownership equity from Statement of Financial Condition		265,945	
		[3480]	
Deduct ownership equity not allowable for Net Capital			[3490]
Total ownership equity qualified for Net Capital		265,945	
		[3500]	
Add:			
A. Liabilities subordinated to claims of general creditors allowable in computation of net capital			0
			[3520]
B. Other (deductions) or allowable credits (List)			
	[3525A]	[3525B]	
	[3525C]	[3525D]	
	[3525E]	[3525F]	0
			[3525]
Total capital and allowable subordinated liabilities		265,945	
		[3530]	
Deductions and/or charges:			
A. Total nonallowable assets from Statement of Financial Condition (Notes B and C)	42,496		
	[3540]		
B. Secured demand note deficiency		[3590]	
C. Commodity futures contracts and spot commodities - proprietary capital charges		[3600]	
D. Other deductions and/or charges			-42,496
		[3610]	[3620]
Other additions and/or credits (List)			
	[3630A]	[3630B]	
	[3630C]	[3630D]	
	[3630E]	[3630F]	0
			[3630]
Net capital before haircuts on securities positions		223,449	
		[3640]	
Haircuts on securities (computed, where applicable, pursuant to 15c3-1(f)):			
A. Contractual securities commitments		[3660]	
B. Subordinated securities borrowings		[3670]	
C. Trading and investment securities:			
1. Exempted securities		[3735]	
2. Debt securities	2,825	[3733]	
3. Options		[3730]	
4. Other securities	403	[3734]	
D. Undue Concentration		[3650]	
E. Other (List)			
	[3736A]	[3736B]	